



Health Care Financing Trends

Summer 1981

Information through March 1981 on:

- National Health Expenditures
- Community Hospital Statistics
- Health Care Prices
- Employment, Hours, and Earnings of Health Workers
- National Economic Indicators

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Health Care Financing Trends

The Health Care Financing Administration (HCFA) was established to combine health financing and quality assurance programs into a single agency. HCFA is responsible for the Medicare program, Federal participation in the Medicaid program, the Professional Standards Review Organization program, and a variety of other health care quality assurance programs.

The mission of the Health Care Financing Administration is to promote the timely delivery of appropriate, quality health care to its beneficiaries—approximately 47 million of the nation's aged, disabled, and poor. The Agency must also ensure that program beneficiaries are aware of the services for which they are eligible, that those services are accessible and of high quality, and that Agency policies and actions promote efficiency and quality within the total health care delivery system.

HCFA's Office of Research, Demonstrations, and Statistics (ORDS) conducts studies and projects that demonstrate and evaluate optional reimbursement, coverage, eligibility, and management alternatives to the present Federal programs. ORDS also assesses the impact of HCFA programs on health care costs, program expenditures, beneficiary access to services, health care providers, and the health care industry. In addition, ORDS monitors national health care expenditures and prices and provides actuarial analyses on the costs of current HCFA programs as well as the impact of possible legislative or administrative changes in the programs.

Trends contains tables and analyses highlighting economic developments in the health care sector. Each quarter recent data are presented on:

- national health expenditures, by type of service and source of funds;
- community hospital statistics, measured by the American Hospital Association;
- consumer price indexes, measured by the Bureau of Labor Statistics;
- employment, hours, and earnings of health workers, also from the BLS; and
- a variety of national economic indicators, such as the Gross National Product and the aggregate rate of unemployment.

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Section A. National Health Expenditures and Related Measures¹

National health expenditures were \$256 billion during the year ending March 1981, \$33 billion higher than in the previous year, an increase of 14.9 percent (Table A-1). In contrast, the total Gross National Product grew 9.2 percent from the year ending in March 1980; the share of the nation's output claimed by health increased to 9.4 percent from the 9.0 percent share recorded in the previous year (unchanged from the share recorded for calendar year 1980). Year-to-year growth in health expenditures slowed slightly from the 15.2 percent rate of calendar year 1980, due principally to slower growth of the net cost of private health insurance. Growth of personal health care spending increased (despite a decline in the inflation of medical care prices), as did growth of spending for construction of medical facilities.

Personal health care expenditures were \$226 billion during the 12 months ending March 1981, up 15.3 percent from the previous year (Tables A-1 and A-2). Spending for institutional (hospital and nursing home) care grew in excess of 16 percent, rising to a total of \$125 billion. The \$15 billion increase in expenditures for hospital care (which brought the level to \$104 billion in the year ending March 1981) was due in large part to growth of community hospital expenses. (See Section B.) Spending for services of health professionals grew 15 percent, and spending for other types of personal health care increased 12 percent.

Expenditures *per capita* for personal health care rose \$120, an increase of 14 percent, to a total of \$975 for the 12 months ending March 1981 (Table A-3). Most of this growth is due to price inflation, but an increasing amount is due to more frequent or more extensive use of health services, especially of hospital and nursing home services. *Per capita* expenditures for hospital care and for services of physicians (the two largest categories of spending) were \$448 and \$207, respectively.

The sources of funds for personal health care spending were virtually unchanged from the previous year. Private sources (private health insurance, business and philanthropy, and direct payments) paid for \$137 billion of care, about 60 percent of the total (Tables A-2 and A-4.) The Federal government spent \$65 billion, mostly through the Medicare and Medicaid programs, accounting for another 29 percent of total expenditures. State and local governments covered the remaining 11 percent of care, almost half of which was paid from State Medicaid funds. Medicare and the combined Federal and State Medicaid programs together financed just over a quarter of personal health care spending.

Because of the emphasis of Medicare and Medicaid on institutional care, the public share of spending for hospital care was more than half the total, while the public share of other types of care was slightly over one quarter. Over time, the State government share of hospital spending has declined steadily, from 14.6 percent in the year ending March 1977 to 12.7 percent in the year ending March 1981. This trend almost completely offset an upward trend in the Federal share of hospital spending. The former is attributable to a decline in the operations of State or locally run hospitals and the latter to growth in the Medicare program. The upward trend in Federal financing of physicians' services was due to Medicare as well, since the Supplementary Medical Insurance program of Medicare covers mainly the services of physicians.

The fraction of growth in personal health care spending attributable to price inflation increased only slightly during the year ending March 1981, rising to 75 percent (Table A-5). Eight percent of the 1980-1981 growth in expenditures was due to a change in the size of the population. The remaining growth was due to changes in the types and amounts of goods and services consumed and to changes in "intensity" (the types and amounts of inputs used per unit of "output").

For further information on national health expenditures, see Gibson and Waldo (1981).

¹ These estimates of health care spending were compiled by staff members of the Office of Research, Demonstrations, and Statistics and are comparable to estimates of calendar-year spending published in the *Health Care Financing Review* (Gibson and Waldo, 1981). Although the estimates are based on the latest data available, they should be regarded as preliminary.

Table A-1. National Health Expenditures, by Type of Expenditure

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Amount (Billions)								
Total	\$154.1	\$174.0	\$195.2	\$222.5	\$230.4	\$238.8	\$247.2	\$255.8
Health services and supplies	145.0	164.7	185.3	212.0	219.5	227.6	235.6	243.8
Personal health care	135.5	152.8	172.0	196.0	202.8	210.3	217.9	226.0
Hospital care	61.7	69.5	78.0	89.0	92.2	95.9	99.6	103.7
Professional services	41.4	47.4	53.4	61.0	63.2	65.5	67.9	70.0
Physicians services	28.3	32.8	36.9	42.1	43.6	45.1	46.6	48.0
Dentists services	9.7	10.9	12.2	14.1	14.6	15.2	15.9	16.3
Other professional services	3.3	3.7	4.3	4.8	5.0	5.2	5.4	5.7
Drugs and drug sundries	13.3	14.4	15.8	17.7	18.2	18.6	19.2	19.8
Eyeglasses and appliances	3.5	3.7	4.3	4.7	4.8	4.9	5.1	5.4
Nursing home care	11.8	13.7	15.8	18.5	19.2	20.0	20.7	21.6
Other personal health care	3.9	4.1	4.7	5.1	5.2	5.3	5.4	5.5
Prepayment and/or administration	5.6	7.4	7.7	9.3	9.8	10.2	10.4	10.3
Government public health activity	4.0	4.5	5.6	6.6	6.9	7.1	7.3	7.5
Research and construction	9.1	9.3	9.8	10.6	10.9	11.2	11.6	11.9
Research	3.7	4.1	4.5	5.0	5.2	5.4	5.4	5.5
Construction of medical facilities	5.4	5.2	5.3	5.6	5.7	5.9	6.1	6.4
Addenda: Gross National Product (GNP)	\$1,759.8	\$1,966.3	\$2,233.1	\$2,471.7	\$2,519.2	\$2,567.5	\$2,626.1	\$2,696.4
National health expenditures as a share of the GNP	8.8%	8.8%	8.7%	9.0%	9.1%	9.3%	9.4%	9.4%
Annual Percentage Change								
Total	12.5	12.9	12.1	14.0	14.5	15.0	15.2	14.9
Health services and supplies	13.0	13.6	12.5	14.4	14.7	15.2	15.3	15.0
Personal health care	12.2	12.8	12.6	14.0	14.3	14.8	15.2	15.3
Hospital care	13.6	12.8	12.2	14.1	14.7	15.7	16.2	16.5
Professional services	11.7	14.5	12.6	14.4	14.7	14.9	15.2	14.7
Physicians services	9.9	15.7	12.5	14.0	14.3	14.4	14.5	14.0
Dentists services	14.3	11.7	12.1	15.5	16.0	16.8	17.4	15.8
Other professional services	20.8	11.8	14.8	13.8	13.8	14.3	15.1	16.8
Drugs and drug sundries	8.9	8.1	10.2	12.0	11.7	11.2	11.9	11.8
Eyeglasses and appliances	9.7	5.3	16.0	10.5	8.4	8.9	10.6	15.0
Nursing home care	13.0	16.1	15.6	16.7	16.8	16.7	16.6	16.7
Other personal health care	6.1	7.1	13.2	8.7	7.8	9.1	8.4	8.5
Prepayment and/or administration	30.7	32.7	5.0	20.0	23.5	22.6	17.4	10.9
Government public health activity	20.1	14.7	23.0	18.6	17.6	16.1	15.0	13.8
Research and construction	6.1	2.3	5.8	7.5	10.5	12.8	12.7	12.9
Research	6.3	9.5	10.7	11.1	13.6	15.9	12.8	10.0
Construction of medical facilities	5.9	-2.8	2.0	4.4	7.8	10.1	12.6	15.6
Addendum: Gross National Product	10.2	11.7	13.6	10.7	9.8	8.9	8.8	9.1

Table A-2. Personal Health Care Expenditures, by Type of Expenditure and Source of Funds
(Billions)

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Personal Health Care								
Total	\$135.5	\$152.8	\$172.0	\$196.0	\$202.8	\$210.3	\$217.9	\$226.0
Private funds	82.7	93.3	104.3	118.7	122.4	126.6	131.5	136.5
Public funds	52.8	59.5	67.7	77.3	80.5	83.7	86.4	89.4
Federal government	37.2	42.1	48.3	55.3	57.7	60.2	62.5	65.0
State and local government	15.6	17.3	19.4	22.1	22.8	23.4	23.9	24.4
Hospital Care								
Total	\$61.7	\$69.5	\$78.0	\$89.0	\$92.2	\$95.9	\$99.6	\$103.7
Private funds	28.1	31.8	35.5	40.6	41.7	43.5	45.3	47.6
Public funds	33.6	37.8	42.5	48.4	50.5	52.5	54.2	56.1
Federal government	24.6	28.0	31.8	36.4	38.1	39.7	41.3	42.9
State and local government	9.0	9.8	10.7	12.0	12.4	12.7	12.9	13.2
Physicians' Services								
Total	\$28.3	\$32.8	\$36.9	\$42.1	\$43.6	\$45.1	\$46.6	\$48.0
Private funds	21.1	24.5	27.3	31.1	32.2	33.2	34.3	35.2
Public funds	7.3	8.3	9.6	11.0	11.4	11.9	12.3	12.8
Federal government	5.3	6.1	7.2	8.3	8.6	9.1	9.4	9.8
State and local government	1.9	2.2	2.4	2.7	2.8	2.8	2.9	2.9
Other Personal Health Care								
Total	\$45.5	\$50.5	\$57.1	\$64.9	\$67.1	\$69.3	\$71.7	\$74.3
Private funds	33.6	37.0	41.5	47.0	48.5	50.0	51.9	53.7
Public funds	11.9	13.5	15.6	17.9	18.6	19.3	19.9	20.6
Federal government	7.2	8.1	9.3	10.6	11.0	11.4	11.8	12.3
State and local government	4.7	5.4	6.3	7.3	7.6	7.9	8.1	8.3

Table A-3. Personal Health Care Expenditures per Capita, by Type of Expenditure and Source of Funds

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Personal Health Care								
Total	\$610	\$681	\$759	\$856	\$883	\$913	\$943	\$975
Private funds	373	416	460	518	532	549	569	589
Public funds	238	265	299	338	350	363	374	386
Federal government	167	188	213	241	251	261	271	281
State and local government	70	77	86	96	99	102	103	105
Hospital Care								
Total	\$278	\$310	\$344	\$389	\$401	\$416	\$431	\$448
Private funds	126	142	157	177	181	189	196	205
Public funds	151	168	188	211	220	228	235	242
Federal government	111	125	140	159	166	172	179	185
State and local government	40	44	47	53	54	55	56	57
Physicians' Services								
Total	\$128	\$146	\$163	\$184	\$190	\$196	\$202	\$207
Private funds	95	109	121	136	140	144	149	152
Public funds	33	37	42	48	50	52	53	55
Federal government	24	27	32	36	38	39	41	42
State and local government	9	10	11	12	12	12	12	13
Other Personal Health Care								
Total	\$205	\$225	\$252	\$283	\$292	\$301	\$310	\$321
Private funds	151	165	183	205	211	217	224	232
Public funds	54	60	69	78	81	84	86	89
Federal government	33	36	41	46	48	50	51	53
State and local government	21	24	28	32	33	34	35	36
Addendum: population (thousands)	221,993	224,225	226,583	229,061	229,789	230,458	231,037	231,679

Table A-4. Sources of Funds for Personal Health Care Expenditures as Percentages of Selected Types of Expenditure

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Personal Health Care								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private funds	61.0	61.1	60.7	60.5	60.3	60.2	60.4	60.4
Public funds	39.0	38.9	39.3	39.5	39.7	39.8	39.6	39.6
Federal government	27.4	27.6	28.1	28.2	28.4	28.6	28.7	28.8
State and local government	11.5	11.4	11.3	11.2	11.2	11.1	11.0	10.8
Hospital Care								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private funds	45.5	45.7	45.5	45.6	45.2	45.3	45.5	45.9
Public funds	54.5	54.3	54.5	54.4	54.8	54.7	54.5	54.1
Federal government	39.9	40.2	40.8	40.9	41.3	41.4	41.5	41.4
State and local government	14.6	14.1	13.7	13.5	13.5	13.2	13.0	12.7
Physicians' Services								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private funds	74.3	74.8	74.1	73.8	73.8	73.6	73.6	73.4
Public funds	25.7	25.2	25.9	26.2	26.2	26.4	26.4	26.6
Federal government	18.9	18.6	19.4	19.8	19.8	20.2	20.2	20.5
State and local government	6.9	6.6	6.5	6.4	6.3	6.3	6.2	6.1
Other Personal Health Care								
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private funds	73.8	73.3	72.7	72.5	72.3	72.1	72.3	72.3
Public funds	26.2	26.7	27.3	27.5	27.7	27.9	27.7	27.7
Federal government	15.9	16.0	16.3	16.3	16.3	16.5	16.5	16.5
State and local government	10.3	10.6	11.0	11.3	11.3	11.4	11.3	11.2

Table A-5. Percentage Change in Constant-Dollar Personal Health Care Expenditures and Related Price Indexes
And Factors Affecting Growth of Personal Health Care Expenditures

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Growth in constant-dollar personal health care expenditures	3.4%	4.3%	4.0%	3.8%	3.6%	3.6%	3.7%	3.7%
Hospital care	4.7	4.3	3.4	2.9	3.0	3.6	3.9	4.3
Physicians' services	-1.7	6.0	4.0	4.2	3.9	3.8	3.6	3.0
Nursing home care	5.2	8.2	6.0	7.0	6.6	6.2	5.9	5.9
Other personal health care	4.2	1.6	4.5	4.1	3.2	2.6	2.5	2.5
Growth in price indexes for personal health care expenditures								
Implicit price deflator	8.4%	8.2%	8.2%	9.8%	10.3%	10.7%	11.2%	11.1%
Fixed-weight price index	8.4	8.2	8.2	9.8	10.4	10.7	11.2	11.1
Growth of personal health care expenditures	12.2%	12.8%	12.6%	14.0%	14.3%	14.8%	15.2%	15.3%
Allocation among factors affecting growth	100%	100%	100%	100%	100%	100%	100%	100%
Prices	71	66	67	72	75	75	75	75
Population	8	8	9	8	8	8	8	8
Intensity (residual)	21	26	24	20	17	17	17	17
Addenda:								
Personal health care expenditures (billions of dollars)	\$135.5	\$152.8	\$172.0	\$196.0	\$202.8	\$210.3	\$217.9	\$226.0
Constant-dollar personal health care expenditures (billions of 1977 dollars)	143.6	149.8	155.8	161.8	163.0	164.5	166.0	167.7
Price indexes for personal health care expenditures (1977=100)								
Implicit price deflator	94.3	102.0	110.4	121.2	124.4	127.8	131.3	134.7
Fixed-weight price index	94.3	102.0	110.4	121.2	124.5	127.8	131.3	134.7

Section B. Community Hospital Statistics²

Growth of expenses incurred by community hospitals increased, and growth in the services they provided decreased during the year ending March 1981, compared to calendar year 1980 (Tables B-1 and B-2).

Operating expenses were \$83 billion during the 12 months ending March 1981, 17.6 percent higher than in the previous year. Total labor costs were \$47 billion, an increase of 17.9 percent. The rapid increase in the growth of labor expenses was due not so much to wage growth (itself almost unchanged at 11.3 percent) as to an increase of 5.4 percent in the growth of full-time-equivalent (FTE) employment. Non-labor costs increased 17.4 percent, to \$35 billion. Survey data are insufficient to pinpoint the cause of growth of non-labor input over and above inflation and changes in the use of hospital services.

Use of hospital services continued to grow, but at sharply reduced rates. Admissions during the year ending March 1981 were 2.0 percent greater than in the previous year, compared to a 2.9 percent increase in calendar year 1980. All other measures of use showed diminished growth as well: the number of surgical operations increased 3.1 percent; the number of outpatient visits, 1.7 percent; and adjusted patient days (a composite of inpatient days and outpatient visits), 2.8 percent. The adult occupancy rate was 76 percent, up a full percentage point from the previous year but almost unchanged from calendar year 1980. The length of stay increased 1.4 percent, up sharply from its recent growth pattern.

Community hospital inpatient expense per day was \$266, an increase of 14 percent from the year ending March 1980. Expense per admission rose 15 percent, to \$1,911. The difference between the two growth rates is attributable to an increased length of stay. Growth of inpatient expense per day is moderated by the increased length of stay, which dilutes the relatively high expenses associated with the initial days of a hospital stay.

The growth rates of expense per day or expense per admission reflect price inflation and changes in "intensity" (the mix and amounts of goods and services employed per patient day or per admission). Using the 11.7 percent increase in the National Hospital Input Price Index as an indication of inflation (see Section C), intensity per day grew 2.4 percent; intensity per admission grew 3.0 percent.

Perhaps as a reaction to rapidly growing changes in the use of hospital services, the rate of growth of beds increased to 1.6 percent, and the growth of FTE employment increased to 5.4 percent. The number of FTE employees per bed grew 3.5 percent, and the number of adjusted patient days per FTE worker (a simplistic measure of productivity, which fails to account for changes in the complexity of care) dropped 2.0 percent.

For further information on community hospital statistics, see "Hospital Indicators," a regular feature of Hospitals magazine.

² Community hospitals comprise "all nonfederal short-term general and other specific hospitals, excluding hospital units of institutions [after 1971], whose facilities and services are available to the public" (AHA, 1980). The American Hospital Association (AHA), through its National Hospital Panel Survey, collects data monthly on the operation of community hospitals from a sample (stratified by size and geographic location) drawn from the AHA membership.

For the most recent comparison of the panel survey data and statistics from the AHA Annual Survey of Hospitals, see Bisbee and Bachofer (1979).

Table B-1. Selected Community Hospital Statistics

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Operating expenses:								
Total (millions)	\$47,578	\$54,645	\$61,679	\$70,354	\$72,975	\$76,041	\$79,340	\$82,754
Labor (millions)	27,553	31,401	35,380	40,329	41,788	43,480	45,392	47,339
Non-labor (millions)	20,025	23,244	26,299	30,025	31,187	32,562	33,947	35,415
Inpatient expense (millions)	\$41,838	\$47,839	\$53,727	\$61,227	\$63,495	\$66,134	\$68,962	\$71,888
Per patient day	164.81	186.77	208.74	232.29	239.53	247.38	255.78	265.74
Per admission	1,211.02	1,353.10	1,500.24	1,659.88	1,711.22	1,770.25	1,835.93	1,910.99
Utilization:								
Admissions (thousands)	34,548	35,355	35,812	36,887	37,105	37,359	37,562	37,618
Inpatient days (thousands)	253,861	256,134	257,386	263,579	265,079	267,336	269,615	270,522
Adult length of stay (days)	7.3	7.2	7.2	7.1	7.1	7.2	7.2	7.2
Surgical operations (thousands)	17,254	17,721	18,194	18,847	19,011	19,225	19,384	19,428
Outpatient visits (thousands)	200,946	211,325	211,899	214,145	214,789	216,464	217,795	217,812
Beds (thousands)	936	947	957	960	962	966	970	975
Adult occupancy rate	74.3%	74.1%	73.7%	75.0%	75.3%	75.6%	75.9%	76.0%
Full-time equivalent personnel (fte)								
Total (thousands)	2,467	2,585	2,678	2,771	2,801	2,837	2,877	2,919
Per bed	2.6	2.7	2.8	2.9	2.9	2.9	3.0	3.0
Adjusted patient days								
Per fte	117	113	110	109	109	108	108	107
Addendum:								
Adjusted patient days (thousands)	288,669	292,572	295,479	302,869	304,657	307,383	310,188	311,413

Hospital Data Center, American Hospital Association

Table B-2. Annual Percentage Change in Selected Community Hospital Statistics

	Twelve-month Period Ending							
	March				June 1980	September 1980	December 1980	March 1981
	1977	1978	1979	1980				
Operating expenses:								
Total	17.9	14.9	12.9	14.1	14.7	15.9	17.0	17.6
Labor	14.9	14.0	12.7	14.0	14.4	15.5	16.7	17.9
Non-labor	21.2	16.1	13.1	14.2	15.1	16.4	17.4	17.4
Inpatient expense	17.7	14.3	12.3	14.0	14.7	15.8	16.8	17.4
Per patient day	15.9	13.3	11.8	11.3	11.7	12.3	12.9	14.4
Per admission	15.6	11.7	10.9	10.6	11.2	12.4	13.5	15.1
Utilization:								
Admissions	1.8	2.3	1.3	3.0	3.2	3.1	2.9	2.0
Inpatient days	1.5	.9	.5	2.4	2.7	3.1	3.4	2.6
Adult length of stay	-.3	-1.4	-.8	-.6	-.4	.0	.5	1.4
Surgical operations	2.3	2.7	2.7	3.6	3.6	4.0	4.0	3.1
Outpatient visits	2.3	5.2	.3	1.1	1.8	2.8	3.0	1.7
Beds	2.3	1.2	1.0	.4	.4	.7	1.2	1.6
Adult occupancy rate	-.4*	-.2*	-.4*	1.3*	1.5*	1.5*	1.4*	1.3*
Full-time equivalent personnel (fte)								
Total	5.8	4.8	3.6	3.5	3.7	4.2	4.7	5.4
Per bed	3.4	3.5	2.6	3.1	3.3	3.4	3.5	3.5
Adjusted patient days								
Per fte	-3.9	-3.3	-2.5	-.9	-1.0	-1.0	-1.1	-2.0
Addendum:								
Adjusted patient days	1.8	1.3	1.0	2.5	2.7	3.2	3.6	2.8

* absolute change, rather than percentage change

Hospital Data Center, American Hospital Association

Section C. Health Care Prices

Prices faced by providers and consumers of health care continued to grow at rates essentially unchanged from those of calendar year 1980.

The National Hospital Input Price Index, a measure of the prices of goods and services used by hospitals to provide care, was 11.7 percent higher in the year ending March 1981 than it had been in the previous year (Table C-1), a year during which economy-wide inflation was 9.6 percent (see Section E). The price of labor continued to increase at a rate of 11.4 percent per year. A slight moderation in the growth of wage rates was offset by increased growth of fringe benefit rates. The non-labor component of the price index was 12.2 percent higher than in the previous year, reflecting higher interest rates as well as overall increases in the prices of goods and services, especially fuel oil and other energy prices.

The National Nursing Home Input Price Index accelerated during the 12 months ending March 1981, reaching a rate of 10.2 percent. The wage rate was up 8.8 percent from the previous year. Other input prices grew 11.8 percent, a rate only slightly less than in calendar year 1980.

Prices paid by consumers for medical care were 10.7 percent higher in the year ending March 1981 than they had been one year earlier. This price inflation, measured by the Consumer Price Index for all urban consumers, had been increasing through calendar year 1980 but began to show signs of slowing. Growth of medical prices was still considerably slower than that of the index for all items (12.7 percent in the 12 months ending March 1981). On the other hand, the slowdown of growth in the index for all items was more pronounced than it was in the medical care index.

Different categories of health goods and services suffered different amounts of price inflation. Professional medical fees (those of physicians, dentists, optometrists, etc.) averaged 11.1 percent higher than in the year ending March 1980. The composite index of hospital and nursing

home prices was 14.1 percent higher, an increase in growth from calendar year 1980 (compared to a slowdown in inflation of the input price indexes discussed earlier). The marked slowdown of growth in the CPI index called "other medical care services" was due to data on financial experience of health insurers. Medical commodity prices continued on a steady upward trend, propelled by inflation of prescription and non-prescription drugs.

In contrast to periods prior to 1979, recent 12-month averages of the CPI for all items grew more rapidly than did the CPI for medical care or the CPI for medical care services. Historical differences of up to eight percentage points between the rates of growth of the CPI for all items and the hospital room CPI (one component of the CPI for medical care services) had disappeared by calendar year 1979. Much of the disparity in inflation rates can be explained by the increasing inflation of gasoline and housing prices, which affect the health care sector much less than they affect the typical family for which the CPI was designed. Other influences upon medical care prices may have included Federal, State, and local government hospital cost control efforts and the industry's Voluntary Effort (VE) program to hold down the rate of growth of prices and expenditures for medical care.

The period beginning in 1979 has been an unusual one for relative price inflation. As shown in the following chart, inflation of medical care prices was chronically greater than that of other consumer prices or of economy-wide prices (represented by the CPI for all items and the GNP fixed-weight price index, respectively). The sole exception had been the Economic Stabilization Program (ESP) period, which ended for medical care in mid-1974. However, rapid increases in prices related to real estate created a divergence between the CPI and the GNP fixed-weight price index after 1978, so that the inflation of the medical care price index was between the rates of growth of the two measures.

For more information on prices, see the reference section at the end of Trends, especially the article by Freeland et al on the National Hospital Input Price Index and the Bureau of Labor Statistics Detailed CPI Report.

Table C-1. The National Hospital Input Price Index and the National Nursing Home Input Price Index:
Average Levels and Annual Percentage Change for Selected Components

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Levels (1977 = 100.0)								
National hospital input price index	94.3	102.0	110.7	122.8	126.2	129.8	133.5	137.2
Labor	93.9	102.2	111.1	122.4	125.5	128.9	132.7	136.4
Wages and salaries	94.3	102.1	110.6	121.7	124.7	128.1	131.9	135.4
Fringe benefits	91.3	102.8	114.8	127.2	130.5	134.1	138.3	143.0
Non-labor	94.9	101.7	110.2	123.3	127.3	131.0	134.7	138.3
National nursing home input price index	95.1	102.0	111.3	121.4	124.5	127.5	130.6	133.8
Wages and salaries	95.7	102.0	111.6	120.0	122.5	125.1	127.6	130.5
Other	94.5	101.9	110.9	123.1	126.7	130.3	133.9	137.6
Annual Percentage Change								
National hospital input price index	8.5	8.2	8.5	10.9	11.3	11.7	11.9	11.7
Labor	9.6	8.8	8.7	10.2	10.4	10.8	11.4	11.4
Wages and salaries	8.5	8.3	8.3	10.0	10.3	10.7	11.4	11.3
Fringe benefits	17.7	12.6	11.7	10.8	10.6	11.3	11.9	12.4
Non-labor	7.1	7.2	8.4	11.9	12.7	12.7	12.6	12.2
National nursing home input price index	7.5	7.3	9.1	9.1	9.6	9.9	10.1	10.2
Wages and salaries	7.9	6.6	9.4	7.5	7.8	8.1	8.3	8.8
Other	6.9	7.8	8.8	11.0	11.6	11.9	12.0	11.8

Table C-2. Selected Average Consumer Price Indexes for All Urban Consumers
(Calendar Year 1967 = 100 Unless Noted)

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
All items	172.9	184.4	200.1	224.8	232.6	239.7	246.8	253.4
All items less medical care	172.0	183.1	198.6	223.5	231.2	238.4	245.5	252.1
Apparel and upkeep	149.3	155.4	161.2	169.3	172.2	175.3	178.4	180.8
Energy	193.5	210.2	226.1	302.6	327.8	346.5	361.1	374.8
Food	182.5	196.0	217.8	238.9	243.1	248.4	254.6	260.9
Housing: shelter	181.3	195.2	216.5	250.2	262.0	272.0	281.7	290.0
Medical care	189.0	206.6	224.2	245.9	252.7	259.4	265.9	272.1
Medical care services	201.8	221.4	240.9	265.3	272.9	280.2	287.4	294.0
Professional services	183.0	197.8	213.1	232.5	238.7	245.3	252.0	258.2
Physicians' services	192.8	210.5	227.9	249.4	256.1	262.5	269.3	276.3
Dental services	175.1	188.4	202.1	220.3	226.8	233.5	240.2	245.7
Other professional services *	---	---	105.9	113.4	116.5	119.9	123.6	126.7
Other medical care services **	224.8	250.0	274.5	305.3	314.2	322.5	330.1	337.3
Hospital and other medical services *	---	---	109.0	121.0	124.7	128.9	133.5	138.1
Hospital room	276.1	307.4	342.1	381.0	392.5	405.0	418.9	432.9
Other hospital and medical care services *	---	---	108.5	120.1	123.9	128.2	132.8	137.6
Medical care commodities	127.8	136.5	146.0	156.8	160.3	164.1	168.1	172.3
Prescription drugs	116.8	124.4	134.1	144.6	147.8	151.3	154.8	158.6
Nonprescription drugs and medical supplies *	---	---	105.2	112.7	115.2	118.0	120.9	124.0
Eyeglasses *	---	---	103.3	109.7	112.2	114.9	117.5	120.1
Internal and respiratory over-the-counter drugs	141.1	151.1	161.8	174.4	178.6	183.1	188.1	193.5
Nonprescription medical equipment and supplies *	---	---	104.8	111.3	113.3	115.7	118.2	120.6

* December 1977 = 100.0

** Includes hospital and other medical services (nursing homes), and health insurance (not shown separately).

Based on data from the Bureau of Labor Statistics (U.S. Department of Labor)

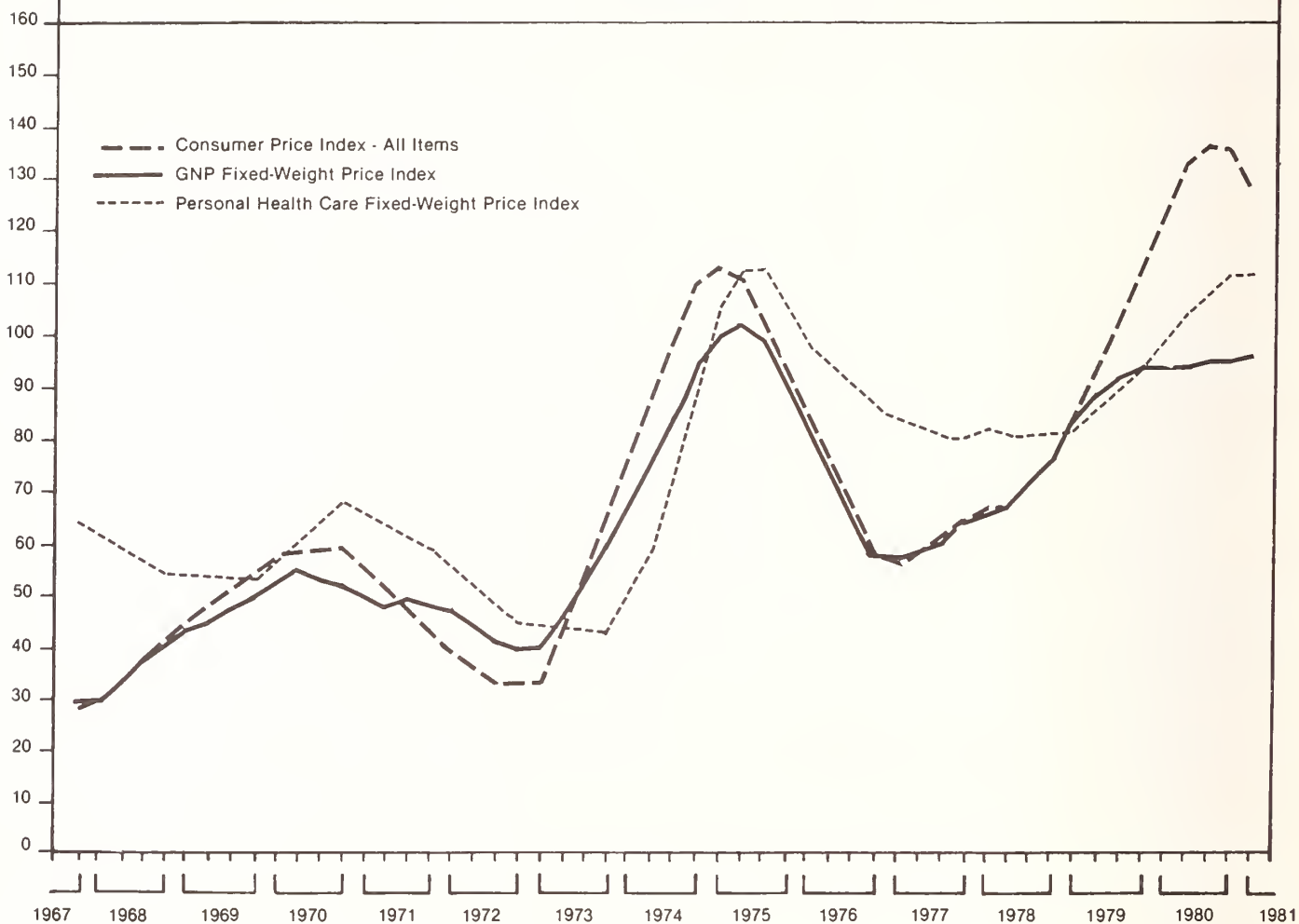
Table C-3. Annual Percentage Change in Selected Average Consumer Price Indexes for All Urban Consumers

	Twelve-month Period Ending							
	March				June 1980	September 1980	December 1980	March 1981
	1977	1978	1979	1980				
All items	5.6	6.7	8.5	12.3	13.4	13.6	13.5	12.7
All items less medical care	5.3	6.5	8.5	12.5	13.4	13.7	13.6	12.8
Apparel and upkeep	4.2	4.1	3.7	5.0	5.8	6.5	7.1	6.8
Energy	7.1	8.6	7.6	33.8	38.2	35.8	30.9	23.9
Food	2.8	7.4	11.1	9.7	8.7	8.4	8.6	9.2
Housing: shelter	5.2	7.7	10.9	15.6	17.4	17.9	17.5	15.9
Medical care	9.5	9.3	8.5	9.7	10.3	10.7	10.9	10.7
Medical care services	10.0	9.7	8.8	10.1	10.8	11.1	11.3	10.8
Professional services	8.7	8.1	7.7	9.0	9.7	10.4	11.1	11.1
Physicians' services	10.7	9.2	8.3	9.4	10.0	10.2	10.6	10.8
Dental services	6.4	7.6	7.3	9.0	9.9	10.9	11.8	11.5
Other professional services	---	---	---	7.1	8.3	9.5	11.3	11.7
Other medical care services *	11.2	11.2	9.8	11.2	11.7	11.8	11.4	10.5
Hospital and other medical services	---	---	---	11.0	11.5	12.5	13.5	14.1
Hospital room	13.0	11.3	11.3	11.4	11.6	12.2	13.1	13.6
Other hospital and medical care services	---	---	---	10.7	11.5	12.8	13.7	14.6
Medical care commodities	6.0	6.8	7.0	7.4	7.9	8.6	9.3	9.9
Prescription drugs	5.4	6.5	7.8	7.8	8.2	8.7	9.2	9.7
Nonprescription drugs and medical supplies	---	---	---	7.1	7.9	8.7	9.4	10.0
Eyeglasses	---	---	---	6.2	7.3	8.3	9.0	9.5
Internal and respiratory over-the-counter drugs	6.6	7.1	7.1	7.8	8.5	9.2	10.2	11.0
Nonprescription medical equipment and supplies	---	---	---	6.2	6.7	7.3	8.0	8.4

* Includes hospital and other medical services (nursing homes), and health insurance (not shown separately).

Based on data from the Bureau of Labor Statistics (U.S. Department of Labor)

FIGURE 1
Annual Percentage Change In Twelve-Month Averages of Various
Price Measures



Section D. Employment, Hours, and Earnings in the Private Health Care Sector

Extending a trend begun in the year ending March 1980, growth rates of employment of the private health care industry³ continued to exceed those of "all industries" (the non-government non-farm economy), reflecting the relative insulation of the health sector from the business cycle. Employment in the private health care industry averaged 5.3 million persons in the year ending March 1981, 5.5 percent higher than one year earlier (Tables D-1 and D-2). By contrast, growth in total employment for all industries slowed to 0.2 percent, reflecting the absence of growth of the U.S. economy. (See Section E.) The difference in growth of non-supervisory employment was even more pronounced: a 5.8 percent increase for private health establishments versus a decline of 0.3 percent for all establishments.

Average weekly hours exhibited the same relative trends as did employment. The average work week in the private economy as a whole declined .8 percent from the previous year, to 35.3 hours. Average weekly hours in the private health industry, although shorter to begin with, remained unchanged at 32.9 hours.

Since 1976, the gap between the average work weeks in all industries and in the private health industry decreased slightly, falling from 2.9 to 2.4 hours.

Trends in average hourly earnings in the private health care industry and in all industries exhibited even more contrast. While growth in the wage rate for all industries was 8.6 percent, recovering the growth rate of two years earlier, growth of average hourly earnings in the private health care industry accelerated to a rate of 10.6 percent. The average wage continued to be about a dollar less than that in all industries.

Within the private health industry, employment and earnings experience varied by type of establishment. Non-supervisory work hours (employment multiplied by average weekly hours) increased about 5.5 percent during 1980, compared to a decline of more than 1 percent in all industries (Table D-3). Work hours increased more rapidly in institutional care establishments than in offices of practitioners. Non-supervisory payrolls (work hours multiplied by average hourly earnings) grew between 15 percent (in private nursing homes) and 17 percent (in private hospitals), averaging 16.7 percent for the sector (compared to 7.3 percent for all industries).

The Bureau of Labor Statistics' (BLS) survey of establishments also yields information on employment in public hospitals. These data are combined with employment estimates for private hospitals to yield an estimate of total employment in all hospitals (shown as an addendum to Tables D-1 and D-2). The slower growth of employment shown here, compared to the 5.4 percent growth of full-time equivalent employment in community hospitals reported in Section B, is due to the slower growth of long-term hospitals: public long-term hospitals comprise two-thirds of all long-term hospitals and account for nine-tenths of beds and employment.

A second survey conducted for the BLS, the "Household Survey," or Current Population Survey (CPS), is designed to yield information on unemployment and demographic characteristics of the workforce. The CPS also provides information on the number of employed health professionals and workers. The CPS results are reliable for its primary objectives, but the sampling and nonsampling errors associated with employment estimates for some occupations are quite large, and the year-to-year change in these estimates is unreliable, particularly for small occupation groups such as physicians (who were less than 1 percent of the employed workforce).

Despite the limitations of the CPS data in measuring employment in health occupations, they are the latest available for employment by occupation. Further, unlike the "establishment survey" data in Table D-1, the estimates exclude non-medical staff of health establishments (such as receptionists in physicians' offices) and include medical staff of non-health establishments (such as industrial health unit nurses). The CPS estimates show persons in health-related occupations accounting for 5.0 percent of the 97 million persons employed during the year ending March 1981 (Table D-4). Growth of employment for these occupations was substantially higher than for the rest of the economy, especially in light of the near absence of growth in industrial employment.

For a very interesting analysis of the health care sector, see Sekscenski (1981). Employment in establishments is discussed in the Monthly Labor Review and Employment and Earnings, monthly publications of the Bureau of Labor Statistics. Household data are also discussed in Employment and Earnings, especially the January issue. Further information on employment by occupation is available from the 1970 Census of Population and from the Bureau of Health Manpower reports. See the reference section at the end of Trends for further details.

³ The "private health industry" is defined by the 1972 Standard Industrial Classification (SIC) 80, and excludes establishments controlled by Federal, State, or local government. Employment, hours, and earnings reported here are measured by the Bureau of Labor Statistics' "establishment survey" of the private, non-farm sector of the economy.

Table D-1. Employment, Hours and Earnings in Private Health Service Establishments, for Selected Types of Establishments
(Employment in Thousands)

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Health services (SIC 80)								
Total employment	4,411.5	4,639.8	4,835.8	5,060.9	5,128.5	5,199.5	5,271.6	5,337.9
Non-supervisory workers								
Employment	3,953.0	4,148.2	4,308.3	4,504.9	4,568.8	4,637.5	4,706.1	4,767.5
Average weekly hours	33.1	32.9	33.1	32.9	32.9	32.9	32.8	32.9
Average hourly earnings	\$4.18	\$4.48	\$4.87	\$5.28	\$5.40	\$5.54	\$5.68	\$5.84
Offices of physicians and surgeons (SIC 801)								
Total employment	622.2	653.9	689.7	725.6	732.9	740.8	749.0	756.7
Non-supervisory workers								
Employment	523.8	544.1	567.4	593.1	599.2	606.1	613.4	620.3
Average weekly hours	33.3	33.3	33.1	32.5	32.3	32.3	32.4	32.5
Average hourly earnings	\$4.32	\$4.69	\$5.08	\$5.50	\$5.61	\$5.74	\$5.90	\$6.06
Offices of dentists (SIC 802)								
Total employment	270.9	291.1	306.9	327.4	331.2	335.8	340.2	343.2
Non-supervisory workers								
Employment	244.0	258.3	266.9	284.3	287.3	291.6	296.3	299.6
Average weekly hours	28.7	28.6	29.1	29.0	29.0	28.9	28.8	28.8
Average hourly earnings	\$4.27	\$4.56	\$4.79	\$5.22	\$5.32	\$5.45	\$5.63	\$5.81
Nursing and personal care facilities (SIC 805)								
Total employment	822.0	872.6	921.3	962.9	975.3	988.2	1,002.7	1,015.4
Non-supervisory workers								
Employment	747.3	791.0	831.0	865.9	877.4	889.5	903.1	915.5
Average weekly hours	31.1	31.1	31.1	30.9	30.9	30.9	30.9	31.0
Average hourly earnings	\$3.13	\$3.33	\$3.65	\$3.92	\$4.00	\$4.08	\$4.17	\$4.26
Hospitals (SIC 806)								
Total employment	2,391.5	2,486.9	2,550.6	2,639.0	2,672.9	2,708.9	2,744.9	2,780.3
Non-supervisory workers								
Employment	2,167.4	2,259.9	2,328.2	2,411.9	2,445.9	2,482.5	2,517.4	2,549.5
Average weekly hours	34.3	34.0	34.1	34.2	34.2	34.1	34.1	34.1
Average hourly earnings	\$4.42	\$4.75	\$5.16	\$5.60	\$5.74	\$5.90	\$6.06	\$6.23
Addenda: all private nonagricultural establishments								
Total employment	65,053	68,192	71,993	74,248	74,319	74,274	74,316	74,415
Non-supervisory workers								
Employment	53,309	55,873	58,930	60,625	60,610	60,499	60,457	60,467
Average weekly hours	36.0	35.9	35.9	35.6	35.5	35.3	35.3	35.3
Average hourly earnings	\$4.95	\$5.35	\$5.81	\$6.27	\$6.39	\$6.52	\$6.66	\$6.81
Total employment in public and private hospitals combined	3,618.1	3,756.3	3,864.6	3,980.3	4,024.5	4,070.5	4,117.0	4,160.4

* 1972 Standard Industrial Classification (SIC)

Based on data from the Establishment Survey, Bureau of Labor Statistics (U.S. Department of Labor)

Table D-2. Annual Percentage Change in Employment, Hours and Earnings in Private Health Service Establishments,
For Selected Types of Establishments

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Health services (SIC 80)								
Total employment	5.5	5.2	4.2	4.7	5.0	5.4	5.6	5.5
Non-supervisory workers								
Employment	5.0	4.9	3.9	4.6	5.1	5.6	5.9	5.8
Average weekly hours	-.9	-.6	.6	-.6	-.3	-.3	-.6	.0
Average hourly earnings	7.5	7.2	8.7	8.4	8.9	9.5	9.9	10.6
Offices of physicians and surgeons (SIC 801)								
Total employment	5.7	5.1	5.5	5.2	4.8	4.6	4.5	4.3
Non-supervisory workers								
Employment	4.8	3.9	4.3	4.5	4.5	4.5	4.6	4.6
Average weekly hours	.3	.0	-.6	-1.8	-2.1	-1.5	-.6	.0
Average hourly earnings	7.7	8.6	8.3	8.3	8.3	8.7	9.7	10.2
Offices of dentists (SIC 802)								
Total employment	7.4	7.5	5.4	6.7	6.1	5.9	5.7	4.8
Non-supervisory workers								
Employment	7.4	5.9	3.3	6.5	5.7	5.5	5.8	5.4
Average weekly hours	-1.0	-.3	1.7	-.3	-.3	-.3	-.3	-.7
Average hourly earnings	8.1	6.8	5.0	9.0	8.6	8.6	9.5	11.3
Nursing and personal care facilities (SIC 805)								
Total employment	6.6	6.2	5.6	4.5	4.7	5.0	5.5	5.5
Non-supervisory workers								
Employment	6.6	5.8	5.1	4.2	4.6	5.0	5.6	5.7
Average weekly hours	-.6	.0	.0	-.6	-.6	-.3	-.3	.3
Average hourly earnings	7.9	6.4	9.6	7.4	7.8	7.9	8.3	8.7
Hospitals (SIC 806)								
Total employment	4.4	4.0	2.6	3.5	4.2	4.8	5.2	5.4
Non-supervisory workers								
Employment	3.7	4.3	3.0	3.6	4.5	5.3	5.7	5.7
Average weekly hours	-1.2	-.9	.3	.3	.3	-.3	-.3	-.3
Average hourly earnings	7.5	7.5	8.6	8.5	9.1	10.1	10.6	11.3
Addenda: all private nonagricultural establishments								
Total employment	3.8	4.8	5.6	3.1	2.2	1.2	.6	.2
Non-supervisory workers								
Employment	3.8	4.8	5.5	2.9	1.8	.8	.1	-.3
Average weekly hours	-.3	-.3	.0	-.8	-.8	-1.1	-1.1	-.8
Average hourly earnings	7.4	8.1	8.6	7.9	7.9	7.9	8.1	8.6
Total employment in public and private hospitals combined	3.5	3.8	2.9	3.0	3.6	4.1	4.5	4.5

* 1972 Standard Industrial Classification (SIC)

Based on data from the Establishment Survey, Bureau of Labor Statistics (U.S. Department of Labor)

Table D-3. Annual Percentage Change in Implied Non-supervisory Payrolls and Work Hours in Private Health Service Establishments, for Selected Types of Establishments

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Private health care establishments (SIC 80)								
Payrolls	12.2	11.8	13.1	13.0	14.0	15.0	16.0	16.7
Work hours	4.3	4.3	4.2	4.2	4.7	5.1	5.5	5.5
Offices of physicians and surgeons (SIC 801)								
Payrolls	12.9	12.9	12.5	10.8	10.9	11.9	13.8	15.3
Work hours	5.0	3.8	3.9	2.4	2.4	2.9	3.9	4.6
Offices of dentists (SIC 802)								
Payrolls	15.1	12.4	10.5	15.7	14.7	14.5	15.5	16.5
Work hours	6.4	5.3	5.3	6.1	5.5	5.4	5.4	4.6
Nursing and personal care facilities (SIC 805)								
Payrolls	14.4	12.8	14.9	11.4	12.2	13.0	13.9	15.2
Work hours	6.0	5.8	5.1	3.6	4.1	4.6	5.3	5.9
Private hospitals (SIC 806)								
Payrolls	10.8	10.8	12.3	12.7	14.3	15.8	16.6	17.1
Work hours	2.8	3.2	3.5	3.9	4.6	5.2	5.4	5.2
Addenda: all private nonagri-cultural establishments								
Payrolls	11.2	12.9	14.5	10.1	9.0	7.6	7.0	7.3
Work hours	3.5	4.6	5.2	2.1	1.1	-2	-1.0	-1.2

* 1972 Standard Industrial Classification (SIC)

Based on data from the Establishment Survey, Bureau of Labor Statistics (U.S. Department of Labor)

Table D-4. Employment of Health Professionals and Workers, by Selected Occupation
(Thousands of Persons Employed)

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
All health occupations	4,083	4,285	4,519	4,688	4,758	4,800	4,820	4,849
Practitioners	676	737	772	785	783	776	777	780
Medical and osteopathic physicians	369	410	433	433	436	428	426	424
Dentists	105	110	120	132	135	138	141	142
Pharmacists	126	137	137	129	123	124	120	126
Nurses, dietitians and therapists	1,230	1,310	1,392	1,511	1,541	1,552	1,574	1,580
Registered nurses	1,013	1,084	1,148	1,248	1,282	1,286	1,302	1,293
Therapists	169	180	194	205	203	207	213	228
Health technologists and technicians	440	475	503	545	563	565	571	587
Clinical laboratory	190	202	206	221	231	227	234	247
Radiologic	81	88	100	102	105	106	100	99
Health service workers	1,737	1,763	1,852	1,847	1,871	1,907	1,898	1,902
Nursing aides, orderlies and attendants	994	1,024	1,028	1,055	1,074	1,099	1,093	1,086
Practical nurses	381	371	405	371	375	380	375	381
Health aides, excluding nursing	239	244	281	290	287	288	291	297
Dental assistants	123	125	138	130	134	139	138	137
Addendum: total civilian employment	88,107	91,537	95,248	97,301	97,404	97,343	97,270	97,343
All health occupations, as a percent of total employment	4.6%	4.7%	4.7%	4.8%	4.9%	4.9%	5.0%	5.0%

Based on data from the Current Population Survey, Bureau of Labor Statistics (U.S. Department of Labor)

Section E. Selected National Economic Indicators

To provide the backdrop of national economic activity against which trends in health care prices, utilization, and expenditures can be viewed, this section shifts from the previous focus on the health care sector to discuss national indicators of output, employment, and prices.

Output and Income

The Gross National Product (GNP), one measure of the dollar value of the output of the U.S. economy, was \$2.7 trillion in the year ending March 1981, an increase of 9.2 percent (Table E-1). Unlike national health expenditures, change in the GNP is influenced heavily by international flows of goods and services, by changes in business inventories, and by the business cycle in general.

The Commerce Department also makes an estimate of "real" GNP (also called constant-dollar or price-deflated GNP). This measure specifically removes the effects of price change from the valuation of goods and services produced, so that growth of the real GNP reflects the change of the "physical" output of the economy. In the 12 months ending March 1981, real GNP was .2 percent lower than it had been one year earlier, an indication of the stagnation of the U.S. economy during the second and third quarters of 1980.

The GNP fixed-weight price index reflects the changes of prices since 1972. This measure covers many items not covered by health-related price measures, such as construction, and it subsumes consumer prices, wholesale prices, import prices, and so on. The index for the year ending March 1981 rose 9.6 percent above the previous year's level. The GNP implicit price deflator, which reflects not only price changes since 1972 but changes in the composition of output as well, rose 9.4 percent.

Personal income was 10.9 percent higher in the year ending March 1981 than it had been one year earlier. Disposable personal income, which excludes personal tax and non-tax payments to government and which is a measure of purchasing power, rose 10.6 percent. Personal saving—that part of disposable personal income which is not spent—rose quite strongly, at a rate of 17.5 percent. Saving as a percent of disposable income was 5.5 percent, compared to 5.1 percent in the year ending March 1980 and to 5.6 percent in calendar year 1980.

Employment, Hours, and Earnings

Reflecting the combination of negative growth of the GNP and an increase in the population, the aggregate rate of unemployment rose to an average of 7.4 percent of the U.S. workforce during the year ending March, compared to 5.9 percent in the previous year. An average of 74 million full-time and part-time jobs were held in the private sector, an increase of only 0.2 percent, another reflection of the slowdown in growth of the real GNP. Continuing a downward, long-run trend, the average work week of non-supervisory workers was 35.3 hours, and the rate of growth of average hourly earnings rose to a rate of 8.6 percent, compared to 7.9 percent one year earlier. Employment in the private health sector grew at a rate of 5.5 percent, and average hours and average hourly earnings also proved more resistant to the economic slump (as noted in Section D).

Prices

Annual growth of consumer prices began an upward trend in the year ending June 1977, reaching a rate of 13.6 percent in the year ending September 1980 and falling to 12.7 percent for the year ending March 1981. Particularly high rates of growth were still present in the CPIs for housing (reflecting prices related to real estate) and energy (reflecting petroleum prices). Annual growth in the Producer Price Index for finished consumer goods, a measure of wholesale prices and a factor in inflation of consumer prices, was 13.2 percent, compared to 12.8 percent in the previous year.

For a more detailed analysis of the business situation and for estimates of quarterly GNP, see the Survey of Current Business. Producer Price Indexes are discussed in Producer Prices and Private Indexes, and consumer prices are discussed in Section C of Trends.

Table E-1. Selected National Economic Indicators

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Gross National Product (GNP)								
Billions of current dollars	\$1,759.8	\$1,966.3	\$2,233.1	\$2,471.7	\$2,519.2	\$2,567.5	\$2,626.1	\$2,696.4
Billions of 1972 dollars	1,315.1	1,385.8	1,456.3	1,488.5	1,486.0	1,481.9	1,480.7	1,484.3
Implicit price deflator (1972=100)	133.81	141.90	153.34	166.05	169.53	173.26	177.41	181.71
Employment, hours and earnings								
Unemployment rate, all workers	7.6%	6.7%	5.9%	5.9%	6.3%	6.8%	7.1%	7.4%
Private non-agricultural workers:								
Total employment (thousands)	65,053	68,192	71,993	74,248	74,319	74,274	74,316	74,415
Average weekly hours	36.0	35.9	35.9	35.6	35.5	35.3	35.3	35.3
Average hourly earnings	\$4.95	\$5.35	\$5.81	\$6.27	\$6.39	\$6.52	\$6.66	\$6.81
Health services * workers:								
Total employment (thousands)	4,411.5	4,639.8	4,835.8	5,060.9	5,128.5	5,199.5	5,271.6	5,337.9
Average weekly hours	33.1	32.9	33.1	32.9	32.9	32.9	32.8	32.9
Average hourly earnings	\$4.18	\$4.48	\$4.87	\$5.28	\$5.40	\$5.54	\$5.68	\$5.84
Personal Income and saving								
Income (billions of dollars)	\$1,423.1	\$1,578.4	\$1,778.4	\$1,999.7	\$2,051.7	\$2,104.2	\$2,160.2	\$2,218.1
Disposable income	1,217.2	1,347.2	1,508.5	1,688.0	1,730.8	1,775.0	1,821.7	1,867.4
Saving (billions of dollars)	75.4	79.9	76.2	86.8	91.6	97.1	101.3	102.0
Personal saving rate	6.2%	5.9%	5.0%	5.1%	5.3%	5.5%	5.6%	5.5%
Prices (1967=100)								
GNP fixed-weight price index (1972=100)	135.5	144.4	156.5	171.1	175.1	179.1	183.3	187.6
Consumer Price Index, all items	172.9	184.4	200.1	224.8	232.6	239.7	246.8	253.4
All items less medical care	172.0	183.1	198.6	223.5	231.2	238.4	245.5	252.1
Apparel and upkeep	149.3	155.4	161.2	169.3	172.2	175.3	178.4	180.8
Energy	193.5	210.2	226.1	302.6	327.8	346.5	361.1	374.8
Food	182.5	196.0	217.8	238.9	243.1	248.4	254.6	260.9
Housing: shelter	181.3	195.2	216.5	250.2	262.0	272.0	281.7	290.0
Medical care	189.0	206.6	224.2	245.9	252.7	259.4	265.9	272.1
Producer Price Index **, finished consumer goods	171.8	183.7	200.0	225.6	233.4	241.7	248.9	255.3

* 1972 Standard Industrial Classification (SIC) 80

** formerly called the "Wholesale Price Index"

Based on data from the Bureau of Economic Analysis (U.S. Department of Commerce)
and from the Bureau of Labor Statistics (U.S. Department of Labor)

Table E-2. Annual Percentage Change in Selected National Economic Indicators

	Twelve-month Period Ending							
	March				June	September	December	March
	1977	1978	1979	1980	1980	1980	1980	1981
Gross National Product (GNP)								
Current dollars	10.2	11.7	13.6	10.7	9.8	8.9	8.8	9.1
Constant (1972) dollars	4.9	5.4	5.1	2.2	1.3	.3	-.2	-.3
Implicit price deflator	5.1	6.0	8.1	8.3	8.4	8.5	9.0	9.4
Employment, hours and earnings								
Unemployment rate, all workers	-.7†	-.9†	-.8†	.0†	.5†	1.0†	1.3†	1.5†
Private nonagricultural workers:								
Total employment	3.8	4.8	5.6	3.1	2.2	1.2	.6	.2
Average weekly hours	-.3	-.3	.0	-.8	-.8	-1.1	-1.1	-.8
Average hourly earnings	7.4	8.1	8.6	7.9	7.9	7.9	8.1	8.6
Health services * workers:								
Total employment	5.5	5.2	4.2	4.7	5.0	5.4	5.6	5.5
Average weekly hours	-.9	-.6	.6	-.6	-.3	-.3	-.6	.0
Average hourly earnings	7.5	7.2	8.7	8.4	8.9	9.5	9.9	10.6
Personal Income and saving								
Income	9.6	10.9	12.7	12.4	12.0	11.4	11.1	10.9
Disposable income	7.9	10.7	12.0	11.9	11.6	11.1	11.0	10.6
Saving	-23.0	6.0	-4.7	14.0	13.8	15.0	17.6	17.5
Personal saving rate	-2.5†	-.3†	-.9†	.1†	.1†	.2†	.3†	.4†
Prices								
GNP fixed-weight price index	5.6	6.6	8.4	9.3	9.4	9.5	9.6	9.6
Consumer Price Index, all items	5.6	6.7	8.5	12.3	13.4	13.6	13.5	12.7
All items less medical care	5.3	6.5	8.5	12.5	13.4	13.7	13.6	12.8
Apparel and upkeep	4.2	4.1	3.7	5.0	5.8	6.5	7.1	6.8
Energy	7.1	8.6	7.6	33.8	38.2	35.8	30.9	23.9
Food	2.8	7.4	11.1	9.7	8.7	8.4	8.6	9.2
Housing: shelter	5.2	7.7	10.9	15.6	17.4	17.9	17.5	15.9
Medical care	9.5	9.3	8.5	9.7	10.3	10.7	10.9	10.7
Producer Price Index **, finished consumer goods	3.7	6.9	8.9	12.8	13.8	14.6	14.2	13.2

* 1972 Standard Industrial Classification (SIC) 80

** formerly called the "Wholesale Price Index"

† absolute change, rather than percentage change

Based on data from the Bureau of Economic Analysis (U.S. Department of Commerce)
and from the Bureau of Labor Statistics (U.S. Department of Labor)

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Appendix Contacts for Further Information

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Data underlying the estimates shown in this publication have come from a number of sources inside and outside the Federal government. For further information about the tables and descriptions in *Trends* itself, contact the appropriate member of the Division of National Cost Estimates listed above. For information outside the scope of *Trends*, see the following:

National Hospital Panel Survey

Monthly data are published with a three- to four-month lag in *Hospitals J.A.H.A.*
contact . . . Peter Kralovec, AHA Hospital Data Center (312) 280-6523

Consumer Price Indexes

Monthly data are released around the 25th of the following month and published in the *CPI Detailed Report*.
contact . . . BLS Division of Consumer Prices and Price Indexes (202) 272-5160

Producer Price Indexes

Monthly data are released on the first Friday of the following month and are revised four months later. They are published in *Producer Prices and Price Indexes*.
contact . . . BLS Division of Industrial Prices and Price Indexes (202) 523-1222

Employment and unemployment (CPS or Household data)

Monthly data are released on the first Friday of the following month and published in *Employment and Earnings*.
Occupation data are published in the January issue.
contact . . . BLS Office of Current Employment Analysis (202) 523-1944

Employment, hours, and earnings (Establishment or 790 data)

Monthly data are released on the first Friday of the following month and are revised in two subsequent months and early in the fall. They are published in *Employment and Earnings*.
contact . . . BLS Division of Industry Employment Statistics (202) 523-1146

Gross National Product

Quarterly data are released around the 20th of the month following the end of the quarter and are revised in two subsequent months and in July. They are published in *The Survey of Current Business*.
contact . . . BEA National Income and Wealth Division (202) 523-0824

Medicare and Medicaid data

Availability of data varies with the type of data requested.
contact . . . ORDS Statistical Information Services Branch (301) 594-6702

Abbreviations:

AHA—American Hospital Association
BEA—Bureau of Economic Analysis, U.S. Department of Commerce
BLS—Bureau of Labor Statistics, U.S. Department of Labor
ORDS—Office of Research, Demonstrations, and Statistics; Health Care Financing Administration (U.S. Department of Health and Human Services)

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